



***Program Compliance Office
Cal Grant Program Review Report***

2003-04 Award Year

**Contra Costa College
Program Review ID#80500119000**

**2600 Mission Bell Drive
San Pablo, CA 94806-3195**

Program Review Dates: 8/30/2005 - 9/1/2005

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AUDITOR'S REPORT

SUMMARY

We reviewed Contra Costa College's administration of California Student Aid Commission (Commission) programs for the 2003-04 award year.

The institution's records disclosed the following deficiencies:

- Non-Compliance with the Web Grants Information Security Confidentiality Agreement
- Lack Of Internal Controls Between Institution Offices
- Stale-dated Cal Grant Warrants Identified

BACKGROUND

Through institution compliance reviews, the administration of Commission programs is evaluated to ensure program integrity with applicable laws, policies, contracts and institutional agreements as they pertain to the following grant programs administered by the Commission:

Cal Grants

B and C

The following information, obtained from the institution and Commission database, is provided as background on the institution:

A. Institution

- Type of Organization: Public Institute of Higher Learning
- President: Dr. Helen Carr
- Accrediting Body: Western Association of Schools & Colleges
- Size of Student Body: 9,137

B. Institutional Persons Contacted

- Viviane LaMothe: Student Services and Instructional Support Coordinator
- Krista Ducharme: Fiscal Operations Specialist, Contra Costa Community College District
- Joseph DeTorres: EOPS Coordinator

C. Financial Aid

- Date of Prior Commission Program Review: April 1998
- Branches: None
- Federal Financial Aid: Pell, SEOG, Perkins, Work-Study, and Family Education Loan Programs
- Financial Aid Consultant: None

AUDITOR'S REPORT (continued)

OBJECTIVES, SCOPE AND METHODOLOGY

The purpose of our review is to provide the Commission with assurance that the institution adequately administered the Commission programs and their compliance with applicable laws, policies, contracts and institutional agreements as they pertain to the grant programs administered by the Commission.

The review focused on, but was not limited to, the following areas:

- A. General Eligibility
- B. Applicant Eligibility
- C. Fund Disbursement and Refunds
- D. Roster and Reports
- E. File Maintenance and Records Retention
- F. Fiscal Responsibility for Program Funds

The specific objectives of the review were to determine that:

- Administration systems have adequate controls to ensure that grant funds received by the institution are secure.
- Administration systems have adequate controls to ensure that grant payments are accurate, legal and proper.
- Accounting requirements are being followed.

The procedures performed in conducting this review included:

- Evaluating the current administrative procedures through interviews and reviews of student records, forms and procedures.
- Evaluating the current payment procedures through interviews and reviews of student records, forms and procedures.
- Reviewing the records and grant payment transactions from a sample of 40 students who received a total of 36 Cal Grant B awards and 4 Cal Grant C awards within the review period. The program review sample was randomly selected from the total population of 276 recipients.

The review scope was limited to planning and performing procedures to obtain reasonable assurance that Commission grant funds were administered according to the applicable laws, policies, contracts and institutional agreements. Accordingly, transactions were examined on a test basis to determine whether grant funds were expended in an eligible manner. The auditor considered the institution's management controls only to the extent necessary to plan the review.

This report is written using the exception-reporting format, which excludes the positive aspects of the institution's administration of the California grant programs.

AUDITOR'S REPORT (continued)

**OBJECTIVES,
SCOPE AND
METHODOLOGY
(continued)**

The names and social security numbers of the sample of students reviewed have been excluded from the body of this report and have been replaced by identifying numbers. Attachment A is a listing of the students by name, social security number and grant type.

CONCLUSION

In conclusion, except for the deficiencies cited in the Findings and Required Actions section of this report, the institution administrated the Commission grant programs in accordance with the applicable laws, policies, contracts and institutional agreements as they pertain to the Commissions grant programs.

**VIEWS OF
RESPONSIBLE
OFFICIALS**

The review was discussed with agency representatives in an exit conference held on September 1, 2005.

September 1, 2005

Charles Wood, Manager
Program Compliance Office

FINDINGS AND REQUIRED ACTIONS

A. GENERAL
ELIGIBILITY:

FINDING 1: Non-Compliance with the Web Grants Information Security Confidentiality Agreement

A review of Institution and Commission records disclosed that the school did not comply with the Web Grants Information Security and Confidentiality Agreement (Agreement).

DISCUSSION:

When an institution completes the Agreement, the school designates an Authorized Official (AO). The AO signs the Agreement to certify that he or she is an official of the institution. Moreover, the AO assigns a person to be the school's Information Security Officer.

Contra Costa College's Agreement received by the Commission in May 2002 indicated that Mickey Matthews as the Institution's Authorized Official. Mr. Matthews was the former Financial Aid Director. A discussion with the Financial Aid Office revealed that the institution had not yet provided an updated Agreement.

REFERENCES:

CSAC Operations Memo, GOM 2002-07, 6/27/02
Information Security and Confidentiality Agreement

REQUIRED ACTION:

During the on-site visit the auditor assisted in the completion of a new Agreement. No liability resulted from the above issue. However, the school is required to submit written administrative procedures and controls that will be implemented to fulfill the requirements of the Agreement.

AUDITOR RESPONSE:

The institution supplied policies and procedures on March 13, 2006. This action is deemed acceptable and no further action is required.

A. GENERAL
ELIGIBILITY

FINDING 2: Lack of Internal Controls Between Institution Offices

A review of the institution's administration of the Cal Grant program revealed a lack of internal controls.

DISCUSSION:

The purpose of the Cal Grant compliance review is to analyze the administration of the grant programs at each participating institution. The performance of the school is measured by analyzing the adequacy and

FINDINGS AND REQUIRED ACTIONS (continued)

enforcement of established internal controls for safeguarding the operational and fiscal integrity of the grant programs. As indicated in the Institutional Agreement, institutions are required to develop written internal controls governing the administration and processing of Cal Grant funds.

Contra Costa College's internal controls lacked communication between institutional offices on matters that would affect a student's Cal Grant eligibility. Specifically, the financial aid office was not notified by the fiscal office of stale-dated financial aid warrants. In addition, the EOPS office failed to notify the financial aid office of student EOPS Vouchers that are used as a resource in calculating Cal Grant need.

REFERENCES:

Institutional Participation Agreement, Article II.C and G
2003-04 Federal Student Aid Handbook, Volume 2, pages 2-55 to 2-57
Cal Grant Manual, Chapter 2 pages 3 and 4, July 2004
Cal Grant Manual, Chapter 11 page 2, September 2003

REQUIRED ACTION:

The Financial Aid Office, the Fiscal Office and the EOPS Office must provide a detailed action plan to improve the internal control structure between the offices that will ensure the operational and fiscal integrity of the Cal Grant programs. Further actions may be required after review of the action plan.

INSTITUTION RESPONSE:

In its overall responsibility to overcome its lack of inter-program/institutional office communication, the EOPS program will implement the following:

- ***Notify Financial Aid Office of EOPS students who are receiving EOPS book support services.***

Because Contra Costa College's EOPS program provides book support through a **book service program**, and not a book grant or voucher program, it does not now provide the financial aid office with book support information. However, EOPS does recognize the value and importance of communication between student service programs, and because of this recognition, EOPS will begin using the link between its internal EOPS screen and financial aid/district AIDE screen as its vehicle for communication and transmission of book-related data. EOPS will transmit the pertinent book service data for each EOPS student qualifying for book support service by inputting them into our internal EOPS screen. Because of the special link between the EOPS and AIDE screens (established through cooperation with Craig Lee and/or Derek Smith of district IT), our book service information will be transmitted via the AIDE screens to financial aid, and be available to DO for reports. This transmission

FINDINGS AND REQUIRED ACTIONS (continued)

will take place in two ways-1) an initial transmission of EOPS students' determined eligible for book support, along with the book allotment for each student, and the time period within which students are required to purchase their books; and 2) a subsequent transmission following the deadline for book pickups indicating the actual dollars expended for each participating student. It is understood that the information transmitted to financial aid via the AIDE screen will not affect the calculation of students' unmet need, and may not show up on financial aid award letters (this is provided for in the **EOPS Q AND A** document from the State Chancellor's Office-see ATTACHMENT B). The transmission of EOPS book service information will fulfill the need for notification, as indicated in the recent CSAC's audit findings. It will also strengthen the internal control structure between EOPS, financial aid, and institutional offices (DO).

- Continue its collaboration process with financial aid regarding CARE grants requested and issued.

EOPS' CARE component will maintain its established process of requesting CARE grants to be paid to those CARE students who attend (and are certified) specific CARE workshops held three or more times per semester. A certified CARE attendance list will be transmitted to financial aid, along with the requested grant amount. Financial aid will verify students' academic status and process requests through DO. Financial aid will then communicate back to EOPS/CARE with the action taken for each student on the lists. Checks will be cut and mailed. The same notification, verification, and check request process will be followed when the CARE component requests reimbursement checks be cut to reimburse CARE students for their personal out-of-pocket childcare expenses paid directly to childcare givers (as opposed to payments made to childcare givers by public service agencies).

AUDITOR RESPONSE:

The institution supplied provided an action plan to improve the internal control structure between the offices. This action is deemed acceptable and no further action is required.

F. FISCAL
RESPONSIBILITY
FOR PROGRAM
FUNDS:

FINDING: Stale-dated Cal Grant Warrants Identified

A review of accounting records disclosed that there were stale-dated warrants where the funds were not returned to the Commission.

DISCUSSION:

An institution must maintain an accounting system which conforms to generally accepted accounting principles/practices and shall include, but not be limited to, cash receipts and disbursement journals, bank reconciliation's, evidence of receipts or credit of funds to recipients and all other accounting records necessary to account for all transactions.

FINDINGS AND REQUIRED ACTIONS (continued)

During the on-site visit two stale-dated warrants were identified and the financial aid office was not notified by Financial Services to update to the student awards to reflect the uncashed checks. The students are identified in the table below:

Stale-dated Warrants	
NO.	Warrant Amount
1X	\$388
2X	\$581
Total	\$969

REFERENCES:

Institutional Agreement, Article IV.D.2 and 5
CSAC Operations Memo GOM 99-06, Returning Prior Year Cal Grant Funds
Cal Grant Manual, Chapter 9, page 5, September 2003

REQUIRED ACTION:

Cal Grant funds in the amount of **\$969** must be returned to the Commission for student Nos. 1X (\$388) and 2X (\$581). The Financial Aid Office and the Financial Services Office must provide procedures for stale-dated warrants that describes the process of the Financial Services Office notifying the Financial Aid Office of stale-dated Cal Grant warrants and the return of any funds due the Commission.

AUDITOR RESPONSE:

The institution returned \$969 on February 22, 2006 on warrant # 312657 and the policies and procedures for stale-dated warrants. This action is deemed acceptable and no further action is required.

OBSERVATIONS AND RECOMMENDATIONS

OBSERVATION/
RECOMMENDATION

OBSERVATION 1: Back-Dated Posting of Student Course Drop

An examination of 40 student files revealed 1 case where the student's dropped course was backed out late.

In spring 2004, student No. 7 attempted 7 units; however, a review of the academic transcript revealed the student had completed 0 units. Further review of the school's computer screen STUDENT ACAD CREDIT DETAIL reported that the student dropped to less than half-time prior to receiving the half-time Cal Grant B payment of \$388 on March 8, 2004. It was discovered that although the drop date was March 8, 2004, the school did not update the system until April 26, 2004.

RECOMMENDATION:

It is recommended that the institution carefully review its practice of back dating drop dates as it is not good business practice.

OBSERVATION/
RECOMMENDATION

OBSERVATION 2: Pell Grant not Maximized

An examination of 40 student files revealed 1 case where the student's Pell Grant was not maximized.

The institution indicated that the student No. 7 was not awarded Pell Grant for the 2003-04 award year. A review of the ISIR revealed an expected family contribution (EFC) of \$1,156; therefore, the student may have been eligible for the Pell.

RECOMMENDATION:

It is recommended that the institution carefully review the EFC listed in a student's ISIR for the Pell Grant need when they are packaging student financial aid.

ATTACHMENT A - STUDENT SAMPLE (continued)

<i>ID</i>	<i>Student Name</i>	<i>Program & E/C</i>	<i>New/Renewal</i>
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